

**Testimony of Lorry S.C. Brown
On Behalf of the Michigan Advocacy Project (MAP)**

**Senate Committee on Banking and Financial Institutions
House Bill 4542, House Bill 4543 and House Bill 4544**

Chairman Booher and members of the Senate Committee on Banking and Financial Institutions, thank you for the opportunity to testify regarding the proposed legislation to extend the 90-day pre-foreclosure law. I am Lorry Brown, the statewide foreclosure prevention specialist at Michigan Poverty Law Program.¹ Michigan Poverty Law Program is the statewide back-up center for legal services programs. I am here today on behalf of the Michigan Advocacy Project. The Michigan Advocacy Project (MAP) is a joint project between the Michigan League for Human Services (MLHS) and the Michigan Poverty Law Program (MPLP). MAP advocates on behalf of the state's low-income population on issues in the areas of low-income housing, family law, consumer protections, and foreclosure prevention.

We all know that the foreclosure crisis is nowhere near the end. It is predicted that foreclosures will increase in 2012. The 90-day pre-foreclosure negotiation law is therefore necessary to give homeowners an opportunity to avoid foreclosure. House Bills 4542, 4543 and 4544 have retained the intent and goals of the 90-day law as enacted in 2009. If enacted, not only will this avoid foreclosures, thus keeping homeowners in their homes, but this will also stabilize neighborhoods. The Michigan Advocacy Project therefore supports House Bills 4542, 4543 and 4544.

The 90-day pre-foreclosure law has effectively allowed homeowners and lenders to explore mutually beneficial alternatives to foreclosure. In a survey of housing counselors and legal services attorneys, conducted this Spring, 79% of the respondents stated that the law has been successful. Of the 79%, 49% stated that the law made it possible for homeowners to negotiate with their lenders and allowed more homeowners to stay in their home. In my informal poll of housing counselors, housing counselors believe that they are able to obtain a loan modification or some workout agreement for homeowners than prior to this law in 2009. As one housing counselor recently stated to me: "I sit in front of homeowners everyday and see the realities of the 90 day law and know that it has worked to prevent foreclosures."

House Bill 4543 eliminates the publication requirement. This is a step in the right direction to ensure that Michigan homeowners are protected in their most vulnerable time. Neeta Delaney from the Michigan Foreclosure Task Force, has provided an example of the 14daynotice.com scam. We also hear stories from legal services attorneys and housing

¹ As the statewide foreclosure specialist, I run the Michigan Foreclosure Prevention Project, a project of the Michigan Poverty Law Program. The Michigan Foreclosure Prevention Project is a collaborative statewide project involving all the major legal services programs. The goal of the Project is to provide comprehensive and coordinated foreclosure prevention advocacy throughout the state by 1) providing direct legal representation to homeowners facing foreclosure, 2) providing support to housing counseling organizations, 3) coordinating policy advocacy on a statewide basis, and 4) providing training and technical support.

counselors about homeowners who come to them after they have paid anywhere from \$500 to \$5,000 to companies who represent that they can obtain a loan modification for the homeowners. These companies then fail to provide the services. The need to put in place measures to prevent these scammers is real. In fact, recently, the Federal Trade Commission (FTC) promulgated rules to protect homeowners from the Mortgage Relief Scams.² Consistent with the FTC's efforts, the elimination of the publication requirement is an effort to combat the loan modification scammers preying on vulnerable homeowners.

Thank you.

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² FTC Issues Final Rule to Protect Struggling Homeowners from Mortgage Relief Scams.
<http://www.ftc.gov/opa/2011/02/mars.shtm>